GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2891
ANSWERED ON:07.12.2001
PRIVATE SECTOR BANKS
BHIM PRASAD DAHAL

Will the Minister of FINANCE be pleased to state:

(a) the policy of the Government for granting permission for opening of a private bank in a State;

(b) the number of private banks functioning in the Sikkim State and other North-Eastern States;

(c) whether any proposal is pending with the Government for opening of private bank in these States; and

(d) if so, the details thereof and the action taken by the Union Government thereon ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a): Reserve Bank of India (RBI) has issued revised guidelines in January, 2001 on entry of new banks in the private sector.These guidelines, inter-alia, stipulate initial minimum paid-up capital for a new bank shall be Rs.200 crore (which shall be increased to Rs.300 crore in three years), minimum promoter`s contribution of 40% of the paid up capital, maintaining arms-length relationship with business entities in the promoter group, no large industrial house shall promote a new bank, maintenance of minimum capital adequacy ratio of 10%, permitting conversion of NBFCs with good track record into banks etc.

(b): RBI has reported that no private sector bank has its head office/registered office in Sikkim and North-Eastern States.

(c): RBI has reported that no such proposal is pending with it.

(d): Does not arise.